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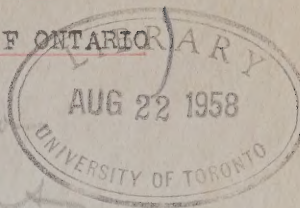
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HYDRO-ELECTRIC INQUIRY COMMISSION

(HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO)

*Reports on investigation
of accounts*



REPORT ON INVESTIGATION
OF
INSURANCE DEPARTMENT

Price, Waterhouse & Co.

ROYAL BANK BUILDING
TORONTO, ONT., CANADA

PRICE, WATERHOUSE & CO.

CANADA, UNITED STATES, MEXICO,
GREAT BRITAIN.

CONTINENTAL EUROPE, ETC.
PRICE, WATERHOUSE, PEAT & CO.
SOUTH AMERICA
PRICE, WATERHOUSE, FALLER & CO.
ALSO, GREAT BRITAIN
W. B. PEAT & CO.

ROYAL BANK BUILDING

TORONTO

February 9, 1923

W. D. Gregory, Esq., Chairman,
Hydro-Electric Inquiry Commission,
36-38 King Street East,
Toronto, Ontario.

Dear Sir:

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO
INSURANCE DEPARTMENT

In accordance with your instructions we have made an examination of certain accounts and records of the Insurance Department of the Hydro-Electric Power Commission of Ontario, including a personal record of Mr. J. Littlejohn, head of the department, containing memoranda regarding the transactions under review.

Our examination has covered the three years ending October 31, 1921, and has been confined to the verification of commissions due to and received by the Hydro-Electric Power Commission on the business placed by it through Mr. Littlejohn, who is a licensed Insurance Agent, and who as such is accustomed to receive commissions which by way of refunds accrue to the benefit of the Hydro-Electric Power Commission.

We may state at the outset that the results of our examination indicate that during the three years under consideration the Hydro-Electric Power Commission has duly received, or has the prospect of receiving in due course, such refunds as were collectible by Mr. Littlejohn on the business placed.

In connection with our examination we have prepared and attach hereto the following Exhibits:

- I. Statement of commissions received during the three years ending October 31, 1921, together with commissions receivable at that date, on insurance premiums paid to sundry brokers. (Allocated by years in which premiums were paid)
- II. Statement of commissions received during the three years ending October 31, 1921, on insurance premiums paid to sundry brokers. (Allocated by brokers and by years in which commissions were received)
- III. Comparative statement of net premiums paid to sundry brokers during the three years ending October 31, 1921.

Upon these Exhibits and our work in general we now submit the following comments:

EXHIBIT I.

It will be seen by reference to Exhibit I that the net premiums paid on which commissions were collectible during the three years under review, and including an overlap of \$8,247.33 from 1918, amounted to \$410,374.42, and the net commissions collectible on such premiums, upon the basis of the rates of refunds submitted to us by Mr. Littlejohn, amounted to \$39,177.42.

Of the above amount of \$39,177.42, due to the Hydro-Electric Power Commission of Ontario, there was received during the three years ending October 31, 1921, amounts aggregating \$36,140.37, and of the balance of commissions receivable at October 31, 1921, amounting to \$3,037.05, there was received \$2,970.18 subsequent to October 31, 1921, as follows:

Broker	Commissions Receivable at October 31 1921	Paid subsequent to Oct. 31, 1921 as shown by Hydro Cash Records	Outstanding at January 15 1923
A. N. Wilson & Company	\$1,662.28	\$1,662.28	-
Maguire & Cannon	696.38	696.38	-
Thompson, Dale & Power	301.52	301.52	-
F. & J. McMulkin	185.80	155.80	-
Armour, Bell, Boswell & Cronyn	154.20	154.20	-
Mortimer & Bampfield	66.87	-	66.87
As above	\$3,037.05	\$2,970.18	\$ 66.87

The amount of \$66.87 due from Mortimer & Bampfield represents a refund of 10% on premium of \$668.74 paid to this firm in June 1921, which has not been paid but has been acknowledged by this firm as being due, as per their letter to Mr. Littlejohn, dated January 10, 1923.

It will be noted that a net amount of \$8,620.99 is deducted in arriving at the net premiums on which commissions were collectible, which is made up as follows:

Year	1921	1922	1923
1921	1922	1923	1924
1925	1926	1927	1928
1929	1930	1931	1932
1933	1934	1935	1936
1937	1938	1939	1940
1941	1942	1943	1944
1945	1946	1947	1948
1949	1950	1951	1952
1953	1954	1955	1956
1957	1958	1959	1960
1961	1962	1963	1964
1965	1966	1967	1968
1969	1970	1971	1972
1973	1974	1975	1976
1977	1978	1979	1980
1981	1982	1983	1984
1985	1986	1987	1988
1989	1990	1991	1992
1993	1994	1995	1996
1997	1998	1999	2000
2001	2002	2003	2004
2005	2006	2007	2008
2009	2010	2011	2012
2013	2014	2015	2016
2017	2018	2019	2020
2021	2022	2023	2024

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Premiums on Policies covering Insurance
on Building #11, Niagara Falls, paid
to Mortimer & Bampffield in June, 1921:

Policy #80288	Merchants	\$ 1,166.75	
" #1008487	Bankers & Ship	718.00	
" #29622	Ohio Millers	1,436.00	
" #102657	Colonial	628.25	
" #503246	Assurance of N.A.	718.00	
" #105136	Liability Under- writers	538.50	
" #98147	Knickerbocker	1,436.00	
" #11139	Hamilton Fire	1,795.00	
" #041417	Mill Owners Mutual	538.50	
			\$ 8,975.00

Note-

Letter from Mortimer & Bampffield
dated September 6, 1921 states
that these policies were placed
in New York and upon which they
were allowed only 5% and there-
fore no commission was due Hydro
on these policies.

Clerical Error on Mortimer & Bampffield
Invoice September 1, 1921:

Face of Invoice upon which Commis- sion was allowed	\$18,785.75	
Adjusted by Mr. Littlejohn on account of undercharge policy #32097 and paid by Hydro	18,800.75	15.00
		\$ 8,990.00

Deduct-

Cancellations the Refunds on which
have not been deducted by Brokers
in remitting Commissions to Hydro-

Mortimer & Bampffield-

Policy #1655 Lloyds	\$ 313.75	
" #41857 Columbia Insurance Company	13.00	
		\$ 326.75

Dale & Company-

Policy #340570	\$28.66	
" #172636	13.60	
		42.26
		369.01

As above

\$ 8,620.99

The amount of \$95.15 deducted from gross commissions in arriving at net commissions collectible, consists of the following:

Car Fares	\$.85
Local Exchange on Cheques	1.00
Commissions previously allowed but now deducted on insurance placed for employee	13.65
New York Exchange	18.17
Policy blanket forms paid for by brokers	61.48
As above	<u>\$ 95.15</u>

We are informed that it is the custom to deduct such sundry charges from commissions rather than include them in cost of insurance, and they are therefore a charge against Insurance Department Expense Account, to which account commissions are ordinarily credited.

EXHIBIT II.

On this Exhibit we have shown in detail the commissions received from each broker during the three years ending October 31, 1921, together with the net premiums upon which refunds are applicable, a condensed statement of which is as follows:

Agent	Net Premiums	Amount of Commissions	Sundry Deductions from Commissions	Net Refunds to A.E.P.C.
Mortimer & Bampfield	\$295,043.23	\$ 29,155.49	\$ 88.56	\$29,066.93
Maguire & Cannon	39,491.87	2,810.88	13.85	2,797.03
Dale & Company	24,424.85	2,442.50	-	2,442.50
A. E. Wilson & Co.	9,116.52	1,204.30	-	1,204.30
F. & J. McMulkin	3,784.13	378.41	1.14	386.57
Thompson, Dale & Power	953.69	95.37	-	95.37
R. J. Villiers	1,466.47	72.97	.90	72.07
Wood, Heen & Patterson	6,732.12	51.60	-	51.60
Lyons & Harvey	240.00	24.00	-	24.00
Totals	\$361,242.88	\$ 36,235.52	\$ 95.15	\$36,140.37

We are informed that there are no contracts in force governing the rates of commissions refundable by agents the arrangements in connection therewith being verbal.

The amount of \$51.60 received from Wood, Meen & Patterson is in respect of premiums amounting to \$6,732.12, paid in 1921. We have obtained a certificate from this firm certifying to the amount of this refund which is in respect of Marine Insurance placed by the Hydro-Electric Power Commission on the dredge "Cyclone" covering one trip of this dredge in 1921 from Toronto to Chippawa, and is not on a percentage basis of the premiums paid, but is said to represent one-third of the total profits on the transaction.

The varying rates of commissions paid by the following agents as shown by Exhibit II, may be explained as follows.

Mortimer & Hampfield -

3 $\frac{1}{2}$ % on Insurance placed in England
5% on Insurance placed in United States
10% on Insurance placed in Canada

A. E. Wilson & Company -

10% on Railroad Accident Insurance
12 $\frac{1}{2}$ % on Fire Insurance
15% on Ordinary Accident Insurance
20% on Guarantee Insurance

Maguire & Cannon -

10% was originally paid by this firm in 1919, on Insurance placed with the Companies they represented, but when this firm commenced placing insurance with outside Companies, they proposed to Mr. Littlejohn that they pay 10% on their own Companies and 5% on outside Companies, but finally compromised on 7% on all Companies.

EXHIBIT III.

In order to show the total business transacted during the three years ending October 31, 1921, with all agents, inclusive of agents from whom no refunds are receivable, we have prepared and attach hereto Exhibit III.

G E N E R A L

We find upon investigation that the only business transacted with Wm. Beardmore Company, Toronto, up to December 31, 1922, is an amount of \$28.85 paid this Company on November 18, 1922, covering policy #494582 British Crown for \$3,500.00 on a dwelling purchased from A. M. Rutley by the Hydro Commission and situated on Lot 34 Township of Saltfleet. It should be noted, however, that the Wm. Beardmore Company are brokers for practically all the insurance on buildings, contents and rolling stock of the Toronto & York Radial Railway taken over and operated by the Hydro Commission as from December 1, 1922, which insurance expires July 2, 1923. This Company are also brokers for \$1,125,000.00 insurance on the properties of the Toronto & Niagara Power Company taken over and operated by the Hydro Commission as from December 1, 1922. This latter insurance expires on the following dates:

April 4, 1923	\$ 321,000.00
" 12, 1923	400,000.00
July 21, 1923	19,000.00
" 26, 1923	385,000.00

As above \$1,125,000.00

The payment of \$21,164.29 to the Toronto Harbour Commissioners in 1921 appearing on Exhibit III represents the cost of insurance to the Harbour Commissioners, on the dredge "Cyclone" and pontoons owned by the

Harbour Commissioners, during a period of 281 days while in operation at Chippawa and held under lease by the Hydro-Electric Power Commission.

* * * * *

In conclusion we might state that , in accordance with your instructions, we are corresponding with the several brokers through whom Hydro-Electric insurance has been placed with a view to determining what portion of premiums paid was retained by such brokers. We shall report on this feature of the investigation later.

Yours very truly,

Wm. L. H. H. H. H. H.

HYDRO - ELECTRIC POWER COMMISSION OF ONTARIO

INSURANCE DEPARTMENT

STATEMENT OF COMMISSIONS RECEIVED DURING THE THREE YEARS ENDING OCTOBER 31, 1921,
TOGETHER WITH COMMISSIONS RECEIVABLE AT THAT DATE,
ON INSURANCE PREMIUMS PAID TO SUNDRY BROKERS.

(Allocated by Years in which Premiums were paid)

Year in which Premiums were paid	P r e m i u m s			C o m m i s s i o n s				Commissions Received			Commissions Receivable at Oct. 31, 1921
	Net Premiums	Deduct- Premiums paid on which no Commissions were Collectible	Net Premiums on which Commissions were Collectible	Rate of Commission Refundable	Gross Commissions Collectible	Deduct-Sundry Charges against Commissions	Net Commissions Collectible	Year ending October 31	Total		
	1919	1920	1921								
1918	\$ 315.00 6,520.51 1,411.82	- - -	\$ 315.00 6,520.51 1,411.82	5% 10% 12½%	15.75 652.05 176.48	- - -	15.75 652.05 176.48	15.75 652.05 176.48	- - -	15.75 652.05 176.48	- - -
	\$ 8,247.33		\$ 8,247.33								
1919	\$ 1,490.03 7,097.27 38,181.79 4,683.42 1,350.00 242.63	- - - - - -	\$ 1,490.03 7,097.27 38,181.79 4,683.42 1,350.00 242.63	3½% 5% 10% 12½% 15% 20%	52.15 354.85 3,818.16 585.43 202.50 48.52	- - 1.50 - - -	52.15 354.85 3,816.66 585.43 202.50 48.52	52.15 271.03 3,450.62 606.23 202.50 48.52	- 83.82 316.44 - - -	52.15 354.85 3,767.06 606.23 202.50 48.52	- - 49.60 76.80 - -
	\$ 53,045.14		\$ 53,045.14								
1920	\$ 1,117.03 80,311.78 3,617.62 620.75 522.30	- 326.75 - - -	\$ 1,117.03 80,638.53 3,617.62 620.75 522.30	5% 7% 10% 12½% 15% 20%	55.85 1,058.19 8,063.84 452.20 93.10 104.45	.35 13.65 5.30 - - -	55.85 1,044.54 8,058.54 452.20 93.10 104.45	- - 8,006.96 2.57 77.36 -	55.85 424.60 51.58 90.00 - -	55.85 1,044.54 8,058.54 92.57 77.36 -	- - 309.63 15.74 104.45
	\$ 98,777.15	326.75	\$ 99,103.90								
1921	\$ 511.00 32,741.05 200,890.23 7,852.06 402.30 807.03 6,732.12 8,990.00	- - 40.24 - - - - 8,990.00	\$ 511.00 32,741.05 200,930.49 7,852.06 402.30 807.03 6,732.12 -	5% 7% 10% 12½% 15% 20% - -	25.55 2,291.87 20,093.74 981.50 60.35 161.41 51.60 -	.55 - 73.80 - - - - -	25.00 2,291.87 20,019.44 981.50 60.35 161.41 51.60 -	- - - - - - - -	- 25.00 1,595.49 19,390.65 - - 51.60 -	25.00 1,595.49 19,390.65 - - 51.60 -	- 696.38 628.79 981.50 60.35 161.41 -
	\$258,925.79	\$ 8,947.74	\$249,978.05								
Totals	\$418,995.41	\$ 8,620.99	\$410,374.42		39,272.57	95.15	39,177.42	5,555.26	8,850.85	21,734.26	3,037.05

HYDRO - ELECTRIC POWER COMMISSION OF ONTARIO

INSURANCE DEPARTMENT

STATEMENT OF COMMISSIONS RECEIVED DURING THE THREE YEARS ENDING OCTOBER 31, 1921,
ON INSURANCE PREMIUMS PAID TO SUNDRY BROKERS

(Allocated by Brokers and by years in which Commissions were received)

Agent	Year ending October 31	Net Premiums	Rate of Refund	Amount of Refund	Sundry Deductions from Refunds	Net Refund (or Commissions)
Mortimer & Bampfield	1919	\$ 1,490.03	3½%	\$ 52.15	-	\$ 52.15
		5,285.64	5%	264.27	-	264.27
		38,613.90	10%	3,861.36	1.20	3,860.16
		\$ 45,389.47		\$ 4,177.78	1.20	\$ 4,176.58
	1920	247.07	5%	12.35	-	12.35
do	1920	62,964.26	10%	6,296.41	13.56	6,282.85
		\$ 62,717.19		\$ 6,284.06	13.56	\$ 6,270.50
		\$186,936.57	10%	\$18,693.65	75.80	\$18,619.85
	Total	\$295,043.23		\$29,155.49	88.56	\$29,066.93
Maguire & Cannon	1919	\$ 1,572.00	10%	\$ 157.20	.20	\$ 157.00
	1920	6,260.80	7%	438.25	13.65	424.60
	1921	31,649.07	7%	2,215.43	-	2,215.43
	Total	\$ 39,481.87		\$ 2,810.88	13.85	\$ 2,797.03
Dale & Company	1919	\$ 765.62	10%	76.56	-	\$ 76.56
	1920	17,149.16	10%	1,714.93	-	1,714.93
	1921	6,510.07	10%	651.01	-	651.01
	Total	\$ 24,424.85		\$ 2,442.50	-	\$ 2,442.50
A. R. Wilson & Company	1919	\$ 6.00	5%	.30	-	.30
		6,282.14	12½%	785.62	-	785.62
		1,865.75	15%	279.86	-	279.86
		242.63	20%	48.52	-	48.52
	1920	\$ 8,396.52		\$ 1,114.30	-	\$ 1,114.30
do	1920	720.00	12½%	90.00	-	90.00
	Total	\$ 9,116.52		\$ 1,204.30	-	\$ 1,204.30
F. & J. McKelkin	1920	\$ 3,264.14	10%	326.41	8.16	\$ 334.57
	1921	519.99	10%	52.00	-	52.00
	Total	\$ 3,784.13		\$ 378.41	8.16	\$ 366.57
Thompson & Dale	1921	\$ 953.69	10%	\$ 95.37	-	\$ 95.37
R. J. Villiers	1919	\$ 444.47	5%	\$ 21.87	-	\$ 21.87
	1920	511.00	5%	25.55	.38	25.20
	1921	511.00	5%	25.55	.56	23.00
	Total	\$ 1,466.47		\$ 72.97	.90	\$ 72.07
Wood, Keen & Patterson	1921	\$ 6,732.12	-	\$ 51.60	-	\$ 51.60
Lyons & Harvey	1921	\$ 240.00	10%	\$ 24.00	-	\$ 24.00

INSURANCE DEPARTMENT

COMPARATIVE STATEMENT OF NET PREMIUMS PAID TO SUNDRY BROKERS
DURING THE THREE YEARS ENDING OCTOBER 31, 1921

A g e n t s	Year ending October 31			Total
	1919	1920	1921	
ALLOWING COMMISSIONS:				
Mortimer & Bampfield	\$ 42,863.90	\$ 58,080.80	\$196,595.31	\$297,539.71
A. E. Wilson & Company	6,282.05	4,760.67	9,061.39	20,104.11
Maguire & Connon	1,572.00	15,117.03	32,741.05	49,430.08
F. & J. McMulkin	1,117.10	2,643.04	1,581.99	5,342.13
Dale & Company	765.62	17,149.16	6,467.81	24,382.59
R. J. Villiers	444.47	511.00	511.00	1,466.47
Thompson, Dale & Power	-	518.75	3,453.12	3,968.87
Armour, Bell, Boswell & Cronyn	-	-	1,542.00	1,542.00
Lyons & Harvey	-	-	240.00	240.00
Wood, Meen & Patterson	-	-	6,732.12	6,732.12
Royal Ins. Co	-	-	-	-
T o t a l	\$ 53,045.14	\$ 98,777.15	\$258,925.79	\$410,748.08
NOT ALLOWING COMMISSIONS:				
Chauncey Ashley	\$ 52.50	\$ 52.50	\$ 72.50	\$ 177.50
Reed, Shaw & McNaught	435.87	412.41	384.41	1,232.69
James Hewlett	30.00	-	-	30.00
British American Assurance Company	19.20	6.40	-	25.60
Hidout & Strickland	8.68	-	-	8.68
Boiler Inspection Insurance	7.21	-	-	7.21
Employees' Liability Insurance Company	196.00	-	-	196.00
J. S. Meredith	-	1,231.00	30.00	1,261.00
J. T. Locke & Company	-	16.00	16.00	32.00
Muntz & Beatty	-	30.00	30.00	60.00
Armstrong & Dewitt	-	30.00	30.00	60.00
Medland & Son	-	30.00	40.00	70.00
R. M. Norton & Company	-	791.65	1,450.98	2,242.63
Thos. Hook	-	30.00	30.00	60.00
Jones & Procter	-	30.00	30.00	60.00
J. G. Gaugnier	-	53.75	539.32	593.07
R. A. Reynolds & Son	-	78.39	124.51	202.90
J. O. Peck & Son	-	62.05	182.06	244.11
F. B. Smart	-	196.00	196.00	392.00
Alex. A. Sim	-	9.00	-	9.00
J. Breault	-	20.00	-	20.00
W. J. Burns	-	153.35	140.07	293.42
Falls Bros.	-	26.14	49.71	75.85
Irish & Mauseon	-	30.00	30.00	60.00
Craig, Stell Company	-	21.00	-	21.00
Alexander Coleridge, Summers, Limited	-	344.00	-	344.00
L. Lugsden	-	189.00	-	189.00
Globe Indemnity Company	-	-	15,562.19	15,562.19
Alex. G. Keith	-	-	312.00	312.00
Gaspard Pasand	-	-	203.58	203.58
H. C. Edgar	-	-	100.00	100.00
Royal Insurance Company	-	-	7,815.61	7,815.61
Toronto Harbour Commission	-	-	21,164.29	21,164.29
Miscellaneous Refunds	44.30	-	-	44.30
T o t a l	\$ 705.16	\$ 3,842.64	\$ 48,533.20	\$ 53,081.00
Total of Net Premiums paid to all Brokers during three years ending October 31, 1921	\$ 53,750.30	\$102,619.79	\$307,458.99	\$463,829.08

